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THE PUBLIC DEBT OF TURKEY.

BY CHARLES MORAWITZ.

So long as Turkey had, as it were, no relations with the States of Western Europe, she did not possess that particular product of civilization which is called a Public Debt. In 1854, at the time of the Crimean War, the isolation of Turkey ceased. She entered the "European Concert." She began to borrow.

I.

There are certain things which one learns very quickly, and the art of getting into debt is one of them. Hardly initiated, Turkey made rapid strides in this art. In 1854 England, her ally, facilitated a first loan of \$15,000,000, and the next year, in 1855, England and France aided her, by their guarantee, to contract another loan of \$25,000,000. Thereafter, the loans followed each other closely and assumed ever-increasing dimensions. The total amount of the loans issued between 1854 and 1874 was as much as \$1,066,000,000 !

One does not know which is the more astonishing, the wealth of France (for it is the mass of French people of moderate means which furnished the greater part of that sum), or the possibility of spending such a tremendous amount without its leaving hardly any trace whatever. Of the amount actually received by the Government—about \$620,000,000—scarcely ten per cent. was devoted to works of public utility—the 1,280 kilometres of railroad constructed by M. Hirsch, and some other short lines of altogether 171 kilometres in length. To show how the other ninety per cent. was spent, one can only point to a few palaces on the banks of the Bosphorus, to an ironclad fleet which has never served, and to some beautiful private mansions near the Champs Elysées, belonging to former bankers of Galata.

At the beginning of the reign of Abdul Aziz nothing indicated what course he would adopt. The taste of the Sultan for tiny horses, musical boxes, wild animals, and especially for consols, gave but little cause for anxiety—especially as it was Ismail Pacha who ministered to it, with a view to obtaining the Firman which was to nominate him Khedive, and to convert Egypt into an autonomous state under the suzerainty of the Sultan. But after his visit to Cairo and his trip to the Paris Exhibition in 1867, Abdul Aziz became enamoured of grand palaces and iron-clad ships. There were no bounds to the extravagance of his tastes. At the time of his European tour, when he found himself on the Rhine on his way to an interview with the King of Prussia at Coblenz, he asked “whether they had dug that watercourse in his honor!” Fuad Pacha, the Grand Vizier, might perhaps have exercised the necessary influence over the Sultan; but, although a great diplomatist, he was an unsuccessful administrator. Since, moreover, the financial negotiations were far from impoverishing him, he allowed matters to take their course, and contented himself with witty criticisms upon the state of affairs.

To understand the failure of all attempts at reform, it is necessary to make an excursion into the field of philology. The character and the habits of a nation are often revealed by certain words or expressions peculiar to its language which cannot be translated into the language of another country. Do we expect to find with a nomadic people a synonym for the word “home”? Are we likely to discover among the cannibals a word expressing the “*Gemüth*” of the Germans? Do not the words “*bohème*” and “*grisette*” unveil a corner of Parisian life? Does not “sport” show the particular taste of the English for physical exercise? Does not “*Grandeza*” depict the haughty bearing of the Spaniard? In the same way, the signification of the words “*Khef*” and “*bakshish*,” which have no exact equivalent in other languages, is characteristic of the spirit and the customs of Orientals. It would be more easy to define “love” or “hate” than “*Khef*”! The “*dolce far niente*” of the Italians might give you a vague idea of its meaning; but this “*dolce far niente*” is to “*Khef*” what Cleopatra’s Needle is to the Eiffel Tower, or the heights of Montmartre to the Himalayas. The Italian needs a whole phrase to indicate a certain state of indolence; a single word suffices the Oriental. The Italian phrase, moreover, indicates an action;

the lazzarone does something. That something is nothing, indeed; but the phrase proves that he is not without any idea of action; his brain must be working, since he realizes the fact that it is sweet to do nothing. *Khef*, on the contrary, is the complete oblivion of everything. It is the absence of every desire. It is beatitude in idleness, resignation in decay. *Khef* is a state of indifference produced by fatalism, a condition of the most absolute immobility. *Khef* impassively contemplates science and progress modifying the conditions of social life in the rest of the universe. Why change, since all is for the best in this best of all possible worlds?

To this psychological cause of repugnance to all innovation we must add, especially as regards modifications in administration, one of a more material nature which finds its expression in the word "*bakshish*." *Bakshish* is the "tip" of Western nations; but it is not degrading like the latter; there is something legal about it. A gift, in the East, has an importance unknown elsewhere.

Formerly, the officials of the Turkish Government received no salary; hence the *bakshish* acquired official sanction; it began to partake of the character of a tax. The duty of the taxpayer is to provide for the needs of the functionaries; why, then, follow a roundabout way, by making the money of the taxpayer go to the State, so that the latter may distribute it afterwards!

In 1838 the Grand Vizier Rechid Pacha, recognizing the serious defects of this system, decreed that officials were henceforth to be paid by the State. A continual succession of wars prevented the strict application of this reform; the simplest means of freeing oneself from the care of finding money for salaries was, of course, to return to the old system of not paying them at all. This measure, therefore, failed to produce any effect.

A financial system working under such conditions, with annual loans, with an enormous increase of annual charges, with a body of officials hostile to every reform and possessing little or no knowledge of accounts, was inevitably fated to result in disaster.

Thanks to the intrigues of General Ignatieff, the Russian ambassador, Mahmoud Pacha, an ignorant and corrupt individual, who had already been Grand Vizier in 1871-1872, returned to power in 1875. Five weeks after his appointment, Turkey issued a declaration of insolvency. Nor did it come alone. An internal

crisis and a foreign war followed closely upon it, and rendered any financial arrangement impossible. The troubles which broke out in Herzegovina and Bosnia were followed on the 4th of May, 1876, by a rising in Bulgaria; two days later the French and German Consuls were assassinated at Salonica; on the 10th of May a manifestation of Softas (theological students) took place at Constantinople, which brought about the fall of Mahmoud Pacha; on the 29th of May Abdul Aziz was dethroned and replaced by the eldest of the family, Murad; four days later, Abdul Aziz died suddenly. Murad, who was of a feeble and nervous disposition, fearing that he might be suspected of having ordered the assassination, went mad six days after his accession. On the 15th of June, two ministers, Hussein-Avni and Rechid Pacha, were assassinated during the meeting of the Council. While these tragic events were taking place in the capital, Servia and Montenegro declared war. An extraordinary enthusiasm manifested itself in Russia for the deliverance of her Slavonic brethren. Gladstone, in opposition to Disraeli's Cabinet, conducted a vehement oratorical campaign against the Turks; Murad, not recovering his reason, was deposed after a reign of three months. Such were the circumstances in which Abdul Hamid mounted the throne on the 31st of August, 1876.

The war with Servia continued, while in the following year hostilities began with Russia. On the 3rd of March, 1878, the Treaty of Peace between Russia and Turkey was signed at San Stefano, and on the 13th of June a European Congress assembled at Berlin. The Treaty which resulted from the deliberations of the Powers deprived Turkey of several of her provinces, and imposed upon her a heavy war indemnity. It promised her, on the other hand, that the minor neighboring States, which had aggrandized themselves at her expense, should be responsible for a part of her national debt. But the diplomatists, who have always given proof of an excellent memory for demanding from the Sultan the execution of all his engagements, have completely forgotten to oblige Bulgaria, Servia, and Greece, to keep theirs.

It appeared as though, after all the accumulated disasters arising from a long series of revolts and wars, there was not much hope for the holders of Turkish bonds. Now, it is from this epoch that the recovery of Ottoman Finances dates.

As soon as calm was re-established, negotiations were entered

upon between the creditors and the Government. They were lengthy, but successful. On the 8th (20th) December, 1881 (the 28th Mouharrem, 1299, according to the Turkish Calendar), a decree was promulgated, known by the name of "*Décret de Mouharrem*," constituting "*l'Administration de la Dette Publique Ottomane*." A new era is about to begin.

II.

By the Decree of Mouharrem, the capital of the debt, reduced to the average rate of issue, is fixed at the figure of \$532,186,170. For interest and the extinction of the debt, the following revenues are ceded by the Government to the shareholders—the salt and tobacco monopolies, the stamp duties, duties on spirits, fisheries and the silk-tithe, the produce of duties on Tumbeki (tobacco for smoking in narghilehs), the dues of Eastern Roumelia, the surplus of the Cyprus revenues, the Bulgarian tribute, the surplus of the Custom House receipts resulting from a modification of taxes in case of revision of the Commercial Treaties, and the surplus of the revenue which should accrue from the general application of the law on licenses.

The management of these revenues belongs to a Council of Administration composed of seven members, six of whom are nominated by the Committees of Paris, London, Vienna, Berlin, Rome, and Constantinople, the seventh by the holders of preference shares.

The arrangements of the Decree of Mouharrem as regards the application of the revenues to the interest and gradual extinction of the debt are decidedly complicated. I will content myself with mentioning the most essential points.

On the net proceeds of the revenues is charged, first of all, the sum necessary to pay the interest on the priority bonds, in payment of certain floating debts. Four-fifths of the balance of revenue are appropriated for the payment of interest, and the remaining fifth to the gradual extinction of the debt.

For the purpose of the extinction of the debt the Decree divides the loans into four groups, according to the guarantees originally attached to them, and stipulates that, after paying one per cent. of the aforesaid capital on account of interest, the surplus is to be applied to the extinction of debt of group I., after that of group II., etc. The Decree organizes a kind of

hierarchy among the four groups. It constructs, as it were, a reservoir of four levels, the first of which lets its overflow run into the second, of which the second pours its excess into the third, and so on.

A special arrangement has been adopted for the premium bonds (called "Turkish Lots"), which were created in 1870 for the construction of railways. All the amounts accruing from that loan are to serve for payment of securities which have been drawn by lot, and payment of interest must not take place before the sums available will allow of reimbursement of the securities drawn to the full amount stipulated by the plan of the extinction of the debt. This loan is gradually extinguished in the following manner: In the six annual drawings, 300 shares are drawn, to which premiums are ascribed varying from \$120,000 to \$200. The amount annually required for the payment of the premiums is \$720,000 up to the year 1910, and \$465,000 after that date. There are besides drawn, at the rate of \$80, an annually increasing number of shares which this year stands at 4,750. At the time of the creation of the new administration, the amounts available made it possible to pay at the rate of 58 per cent. for the shares drawn. In 1888 certain sums which had become available for this loan would have permitted of payment at a much higher rate. But they continued to pay only 58 per cent. by mere force of habit, employing the available surplus in buying up shares at the Bourse. This measure, provisionally adopted thirteen years ago, still continues to be applied.

The Austro-Hungarian Committee adopted in 1893 a plan for the regulation of this question of Turkish allotments. This plan, after having received the approval of the Council and of all the Committees of the Public Debt, has been approved by the Ministry of Finance, the Council of State, and the Council of Ministers. But the Sultan has not ratified it. He nominated one Commission after another to study the problem, and although every one of these Commissions has given a favorable opinion, their reports continue to slumber in the Palace archives.

For the first time a situation is thus revealed which had been suspected for a long time, but which had not yet manifested itself in such a flagrant manner to the eyes of the general public: the realization of the fact that the Sublime Porte (that is to say the Grand Vizierate), the Ministers, and the whole apparatus of

Government only exist in appearance, and that the immense Ottoman Empire is governed, like Spain under Philip II., in the Cabinet of the Sovereign, assisted by a few Secretaries.

The Decree of Mouharrem has been in force for the last nineteen years and has produced excellent results. The taxes, the direct administration of which belongs to the Council, brought in at the time of the creation of the Council of the Debt a gross annual revenue of \$5,368,000; they represent to-day \$9,154,000. By deducting the charges of collection and administration, and by adding the surplus revenues of Cyprus and the Tumbeki duties, they have reached, for 1900-1901, a net total of \$9,512,000 available for the service of the debt. This sum comprises the dues paid by the "*Régie des Tabacs*," founded in 1883, and to which the Council of Administration leased the exploitation of its tobacco monopoly for a fixed annuity of \$3,450,000. If one considers the results of Tobacco Monopolies in other countries, that of

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| France | yielding | \$65,600,000 | for a population of | 38,227,000 |
| Italy | yielding | 29,200,000 | for a population of | 31,479,000 |
| Austria | yielding | 17,300,000 | for a population of | 26,107,000 |
| Hungary | yielding | 12,300,000 | for a population of | 19,203,000 |

the Turkish Monopoly, affecting a number of inhabitants which can be estimated at a minimum of fourteen millions, and taking into account that certain provinces are subject to special conditions, ought to bring in between 24 and 8½ millions of dollars, *i.e.*, 24 millions if the consumption of tobacco be reckoned on the basis of the amount consumed per head of the population in France; 8½ millions if the calculation be based on the consumption per head in Hungary. These scanty results of the Turkish Monopoly may be explained by the contraband trade, and are all the more significant as, in the other countries, at the most, one inhabitant in five is a smoker, whilst in Turkey even the women and children smoke all day.

The sphere of operation of the Council for the administration of the Public Debt has been enlarged since 1881. The Council is no longer solely a kind of trustee for the payment of interest on the debt guaranteed by the Decree of Mouharrem. It collects other revenues; it is charged with paying the interest on other loans. This extension of the Council's functions was brought about in the following manner.

Encouraged by the smooth working of the Administration of the Public Debt, the Deutsche Bank of Berlin made an offer to the Government in 1888 to undertake the construction of a railway in Asia Minor. Supported by the German Emperor, who understands how to use the political influence of his country in the interests of commerce, the Deutsche Bank stipulated that the tithes of certain provinces appropriated as a guarantee for the receipts of the line were to be administered by the Council of the Public Debt. The Council accepted this responsibility. The example of the Deutsche Bank was followed upon an extensive scale. Within the space of eight years, eleven important concessions have been granted, all being based on the administration of the guarantees by the Council; six of these concessions refer to the construction of railways; five relate to loans, three of which are based upon a recently borrowed capital of \$45,000,000; one has for its object the conversion of five per cent. priority bonds into four per cent. consols; one concerns the collection of tithes given as a guarantee for the war indemnity due to Russia. The length of the railway lines conceded by the six contracts referred to above amounts to 2,315 kilometres.

In 1899-1900 the sum to be paid by the Government on account of these guarantees amounted to \$4,140,000.

In consequence of all these contracts, the Council has been gradually induced to collect, by right of these new attributes, State revenues representing an annual sum of about \$9,000,000, this being about the same amount as that which it collects in carrying out the Decree of Mouharrem. With its 720 agencies and 5,000 employés the Council has assumed a great importance in the country. Thanks to the admirable organization which it has introduced, the credit of the Empire has been strengthened; the establishment of new railroads, facilitated by its co-operation, has opened vast territories to trade which formerly were almost without communication with the rest of the world.

III.

Outside the sphere of administration of the Council of the Debt, another part of Turkish Finance is administered directly by the Malié (Ministry of Finance). The contrast between the two is striking. On one side we have the methods and organization of modern States, on the other the old Turkish régime main-

tained with little modification up to the end of the nineteenth century. A superficial examination would convey the impression that the post of Malié Naziri (Minister of Finance) is rather enviable than otherwise. This functionary, unlike his colleagues in Parliamentary countries, has not the trouble of submitting his anticipatory Budgets and his accounts of administration to a Parliament. He is free from the dread of seeing some member cut down grants which he considers indispensable, or on the contrary, impose upon him expenses which he regards as superfluous. He is also sheltered from the anxiety which ordinarily spoils the pleasures of office of the Ministers of Finance of countries whose affairs are not upon a sound basis—the nightmare of payments falling due at a certain date!

Since 1881, the Administration of the Public Debt has freed him from this task, at least to a great extent. What is incumbent upon the Malié is the payment of the Sultan's Civil List, of the contracts for armaments supplied, and of the Army and of the Civil Service. The Civil List, that is the chief thing! It figures at the head of the charges, and amounts to \$4,000,000. As to the rest, the Minister need not be in a hurry to provide for them. The contractors for armaments make great profits; they have certainly made allowance in their calculations for the risk of having to wait a long time for their money; they would not like to see the door shut in their faces the next time that orders were given, through their pressing too much for payment. The officials are used to their salaries not arriving in time; they do not count upon them very much, and look for other resources. The soldier in Turkey has a broad back and especially a good digestion; a little rice and a great deal of tobacco, so easily procured in these times of monopoly, suffice him. Suppose that the Government already owes him for five months' pay; this month he is also not paid; that makes six months' pay which he will have to receive, and that will make a round sum!

The Malié is charged, among other duties, with the examination of new financial combinations proposed to the Government. This part of his task is neither the easiest nor the least disagreeable. The list of schemes which are being examined is very long; if all were realized, the era of the golden age would cease to be a fable for Turkey. There is not a thing out of which the Greek and Armenian financiers who are always hanging about

the Malié do not know how to make money. They prove to the Government that the war indemnity due to Russia could procure it several hundred thousand pounds by making it the object of a loan; they offer to establish monopolies on every imaginable article; they propose to buy back the different railroads of European Turkey and, by economies to be effected by centralizing their working, to find security for a loan of £2,000,000. Men of established position and abilities have taken up this question, which, however, encounters many obstacles. Everything, moreover, in this country is difficult and complicated. If the Government wants to raise the lighthouse dues, England objects; if it wants to create a monopoly on cigarette paper or playing-cards, France or Austria-Hungary puts a spoke in the wheel. If it is a question of petroleum Russia will raise objections, and even the Powers which are the least interested make their consent to any point whatsoever depend upon the settlement of such or such a question. We have lately seen the Americans protesting against the prohibition of importing salt pork, and all the Powers opposing the raising of the customs duties.

Among questions under examination at the Ministry of Finance two may be specially cited which will immediately be the subject of important negotiations.

The proposed increase of customs duties from 8 to 11 per cent. is estimated to yield from two to two and a half million dollars a year; by rights, this sum ought to serve for the increase of interest on the debt managed by the Council of Administration. Now this rise in interest would entail an increase of the rate of redemption of the debt, and it would be really exacting too much from the Government to request it to make efforts to obtain an increase of income merely to see the extinction of the debt rendered more onerous. A combination is therefore being sought for by which it may be possible to give up part of this new revenue to the Government, a part which, according to existing plans, would serve as basis of a loan for the continuation of the great Asiatic railway line towards Bagdad.

The other scheme relates to the conversion of the loans existing under the administration of the Decree of Mouharrem. The enactments of this Decree have the effect of maintaining the guarantees intact until the complete extinction of all the loans for which they serve as security. In the case of the other loans,

when a portion of the security is liberated by reason of the redemption of a considerable amount, it is possible to make use of it as security for a new demand upon the national credit; under the administration of the Decree, however, it is not possible to proceed in this manner with the securities appropriated to the converted debt. These latter, forming an indivisible whole, are not liberated in succession; but immediately on the redemption of the last of the shares under the control of the Council, the Government will be empowered to dispose of the whole of the securities at once. The scheme of conversion intended to remedy this situation, which is very unfavorable to the Government, is based upon the idea of offering to the holders a much higher fixed rate of interest than that which they receive at present, while continuing the same guarantees. This offer would be made in exchange for their profits resulting from the important purchases effected for purposes of extinction, which take the form of a gradual increase in value.

The Malié does not, as is the case in other countries, concentrate in his hands all the disbursements by the State. The Council of Ministers decides upon the amount of the sum to be expended by each Department, and the Malié hands over to his colleagues assignments for that amount on the different revenues of the State. These assignments are given by the Ministers in payment to contractors and sometimes even to officials; as they are payable in countries the most distant from each other, they are necessarily the object of continual traffic; their value fluctuates, and their more or less prompt cashing depends on the greater or lesser ability which the holder displays in getting them honored at the various provincial treasuries. One can imagine the abuses, robberies and jobberies to which this system must give rise.

We have seen that it is the Council of the Public Debt which is charged with paying the interest on the money borrowed by the State, by means of certain revenues which are conceded to it. But there are exceptions. Several loans are outside the jurisdiction of the Council, and the Minister of Finance is the authority who provides for the payment of their interest. The list of these loans comprises the loans guaranteed by the Egyptian tribute, and two loans created in capitalization of the returns due from the Tumbeki Society and from the "*Compagnie des chemins de*

fer de la Turquie d'Europe," returns also paid by their debtors direct to the banks to which is entrusted the payment of the interest. The only loan whereof the payment of interest falls directly upon the Malié, is the five per cent. 1886 loan of \$29,575,000.

IV.

If we take a comprehensive view of the financial situation of the Ottoman Empire, we see that it presents itself as follows: a past, burdened with very grave mistakes and with which it was necessary to break, left Turkey with a Consolidated Debt of \$522,607,000 guaranteed by the revenues controlled by the Council of the Debt.

This is a considerable amount. But the burden which it imposes appears heavier than it really is. The rate of interest being only one per cent., the yearly allowance necessitated by the dividends is not high, and thanks to the stipulation which appropriates for the gradual extinction of the debt a part of the proceeds of the conceded revenues, as well as the interest due on securities already redeemed, thanks also to the arrangement which allows repurchase at the Stock Exchange instead of redemption of the nominal capital, the Consolidated Debt diminishes very fast, in geometrical progression. In the first nine financial years, 3.978 per cent. of the debt was discharged, in the next nine financial years 12.692 per cent. The total extinction of debt thus amounts to \$96,415,000 or 18.45 per cent. on the 1st (13th) March, 1901. Another portion of the debt amounting to a capital of \$90,200,000 is guaranteed by the Egyptian tribute, and is therefore not a burden which really weighs heavily on Turkey.

Besides the debts which have been mentioned, there remains a capital of about \$90,000,000 of various loans and of Floating Debt, and further, the annuity of \$1,600,000 to be paid to Russia as war indemnity. One cannot say that the annual sacrifices necessitated by these liabilities are out of proportion to the resources of the Ottoman Empire.

The sums which Turkey has paid from her own revenues since the new era of the Administration of the Public Debt exceed by \$276,000,000 the amount borrowed by her during the same period; and, as regards the capital of the debt, a far larger sum has been paid off than that which was borrowed on the other

hand. There are many States generally regarded as being in a highly prosperous condition, of which as much could not be said.

Of course, there is another side to the question. If we consider that portion of the finances dependent upon the Malié, and not under the power of the Council of the Debt, subjects of criticism are not wanting. The system of direct taxes recalls our Middle Ages; the assessment is arbitrary, while the method of collection is disgraceful. The Budget only exists upon paper; officials are paid in the most irregular manner, and creditors not possessing guarantees acknowledged by the Council of the Debt are often obliged to wait a long time for their money. When they are foreigners, and when the diplomatic Powers who look after their interests end by losing patience in consequence of repeated adjournments, crises arise like that which recently broke out between France and Turkey. Respect for a fixed time of payment is a notion absolutely foreign to the Ottoman intelligence, which has an instinct as well as a taste for petty expedients, subterfuges and deferments until the morrow or the following week. But one must not exaggerate the importance and gravity of the incidents which arise. On the whole, with more or less good-will, after more or less delay, under more or less energetic pressure, Turkey pays what she owes. Tergiversation injures her good financial reputation, and brings her absolutely no profit, except the necessity of paying large sums as interest for the delay. She would render her own credit a signal service if she would henceforth abstain from seeking to elude, by means of subtleties and vain promises, the execution of the engagements which she has contracted, and if she would seek to inspire foreign capitalists with complete confidence, and thus attract them towards the exploitation of her immense agricultural and mineral resources. Many portions of her territory were formerly counted among the most fertile and the richest of the world, especially the west of Asia Minor, Syria, and the regions watered by the Euphrates and the Tigris. To restore their former prosperity, the Turkish Government need not spend hundreds of millions on public works; there are certainly useful works to be undertaken, ports and railways to be established, but this must be done by proceeding methodically, by not doing too much at a time, and by not entering upon fresh and too onerous engagements.

The best and the most necessary guarantee and the most efficacious attraction which Turkey could offer to the capitalists of Europe and America is the organization of what it most needs: a good administration, an independent and impartial judicature, and the most absolute security for human life and property.

We must, at any rate, do justice to the financial management of the Ottoman Empire in its relations with the creditors of the State since the great reform of 1881. It has been one of perfect honesty, and that under very difficult circumstances. Who cannot call to mind the position of Turkey between 1895 and 1897? After the cholera epidemic, troubles and insurrection broke out in Armenia; the monetary crisis, provoked all over Europe by senseless speculation in gold mines, was exploited in Constantinople by political agitators who organized a run on the Ottoman Bank; the financial markets of Western Europe were seriously disturbed, and a four months' *moratorium* was decreed at Constantinople; the Asiatic Provinces were in a state of extreme agitation, and in Constantinople an attack was made by armed force on the Ottoman Bank. In 1897 came the Cretan insurrection and the declaration of war by Greece.

In less than six weeks the Turkish Government assembled 200,000 men in Thessaly and Epirus. There are few countries which, in presence of such extraordinary circumstances, would not have hesitated to invoke reasons of State for reducing or suspending the payment of interest on their debt. Turkey resisted every temptation of the kind. During that terribly agitated period, the interest on the debt was regularly paid; the gradual extinction of debt by drawing lots took place as usual, and the Council of the Public Debt calmly continued its operations. It redeemed in 1894-95 at the Paris and London Exchanges shares of the four series to the value of \$5,860,000, in 1895-96 to the value of \$5,616,000, in 1896-97 to the value of \$6,080,000 and 35,633 lots, and it continues to increase the reserve funds for the augmentation of interest by \$891,000.

"The Sick Man," as the Czar Nicholas used to call him, is in many respects subjected to very bad medical treatment, but the patience of his presumptive heirs is perhaps still to be exposed to a long trial; he has given in the last few years, especially in financial matters, conclusive proofs of vigor and vitality.

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